

Knesset Backs Sharon Plan; Envoy to U.S. Replacing Him

By Edward Walsh
Washington Post Service

JERUSALEM. — In a subdued atmosphere, the Israeli parliament Monday night approved Prime Minister Menachem Begin's plan to keep Ariel Sharon in the cabinet despite severe criticism of Mr. Sharon by the commission that investigated the Beirut massacre of Palestinian refugees.

At a ceremony at the Defense Ministry in Tel Aviv on Monday morning, Mr. Sharon formally gave up his position as defense minister, a post he had held since 1981.

In a telephone call to Mr. Begin during the morning, Moshe Arens, Israel's ambassador to the United States, agreed to accept the defense post, the second most important and powerful in the Israeli government.

Officials said Mr. Arens was expected to arrive in Israel late this week or early next week for several days of talks about his new duties. He will then return to Washington to conclude his affairs there before assuming the defense job.

The replacement of Mr. Sharon by Mr. Arens is not expected to

change Israeli policy. The 57-year-old, agricultural engineer is as hawkish as his predecessor on Mr. Begin, particularly on the issue of the future of the occupied West Bank and Gaza Strip.

The Knesset, or parliament, voted 61 to 56 to approve the decision by the cabinet Sunday to transfer the defense minister's duties to Mr. Begin until the new defense minister is officially installed.

The plan allows Mr. Sharon, condemned by the inquiry commission for the "grave mistake" and "blunders" that led to September's massacre, to remain in the cabinet as a minister without portfolio.

The inquiry board recommended that Mr. Sharon resign from the government or, if he refused, that Mr. Begin dismiss him.

The shuffle of cabinet responsibilities as a way around the commission's recommendation was denounced in a front-page editorial in the newspaper *Ha'aretz* on Monday as making a "farcical" of the commission's report.

But this and other criticism of the Begin decision had no impact on the floor of the Knesset.

The Loyalty of Begin

Officials Say Decision on Sharon Was as Much Personal as Political

By David K. Shipler
New York Times Service

JERUSALEM. — Prime Minister Menachem Begin's willingness to retain Ariel Sharon in his cabinet, even after insisting that he resign as defense minister, appears to have grown out of both political calculation and personal sentiment, officials here say.

According to several people acquainted with Mr. Begin's thinking, the prime minister was motivated by a desire to avoid defections from his government and a crisis in the governing coalition that would have resulted had Mr. Sharon been forced out of the cabinet.

In addition, despite reports that he was annoyed recently by aspects of Mr. Sharon's behavior, Mr. Begin is said to have acted out of a combination of personal loyalty, awe of military men and admiration for Mr. Sharon's tough determination in carrying out hard-hitting policies.

How the shift will affect policy-making depends in some measure on what new role Mr. Sharon manages to carve out for himself within the complex political dynamics in the cabinet. He has both strong opponents and strong supporters among the ministers and is widely disliked in the army.

Mr. Sharon's departure from the powerful position of defense minister may have some bearing on the tactics and tone of Israeli actions in the international arena, officials say. But it seems unlikely to have substantial impact on policy, since the basic structure of Israel's approach to major international issues, such as Lebanon and the West Bank, has been determined principally by Mr. Begin's concepts, which remain intact.

The most immediate effect are likely to be felt in the negotiations with Lebanon and the relationship with the United States. Primary responsibility for the Lebanon negotiations, which seek to create conditions under which Israel would be willing to withdraw its forces, is now expected to shift away from Mr. Sharon, to the Foreign Minister, where a less dogmatic approach to solving some of the difficult problems is foreseen.

That does not mean an abandonment of Israel's fundamental demands for a security zone in southern Lebanon and a modicum of normal relations with its northern neighbor.

In recent weeks Mr. Sharon caused relations with the Lebanese Christian Phalangists to worsen by threatening them with a withdrawal of Israeli protection if they did not persuade President Amin Gemayel of Lebanon to be more forthcoming. In his public and private comments Mr. Sharon was also responsible for much recent friction with the Reagan administration.

It remains to be seen how much influence he will be able to retain. Without the defense job, he immediately loses control over the army and, presumably, relinquishes his seat on the Ministerial Defense Committee, a five-man group within the cabinet that has special authority over security and military matters.

He is no longer expected to be automatically privy to highly classified information that is circulated only within a restricted circle.

Nevertheless, his strong personality, his passion for authority and his activist approach to politics argue for a high-profile effort to hold onto significant power. Officials say Mr. Begin is likely to consult him on military matters.

During his year and a half as defense minister, Mr. Sharon amassed enormous power, so much

as the leader of the opposition Labor Party, Shimon Peres, conceded defeat at the outset of Monday's debate, saying: "The cabinet will have a majority Monday in the Knesset, but will the country have a good example of proper behavior in a democratic society?"

The Labor Party decided Sunday night to bring a motion of no confidence in the government before the Knesset on Wednesday but with no apparent expectation that it would succeed.

Referring to the report on the massacre, Mr. Peres said: "The spirit of the report is that Ariel Sharon must leave the government."

He called on Israelis to preserve their heritage and not allow the government or, if he refused, that Mr. Begin dismiss him.

Mr. Peres said that immediately after release of the commission report last week Mr. Begin considered resigning but was talked out of it by political associates. The prime minister, in his seat on the Knesset floor, spoke out, denying the assertion.

Both Mr. Peres and Mr. Begin eulogized Emil Grunzweig, the peace activist who was killed by a hand grenade at a demonstration during Thursday night's cabinet meeting.

Mr. Begin spoke for only three minutes, outlining the cabinet's decision to transfer the defense minister's duties temporarily and to retain Mr. Sharon in the cabinet.

Mr. Sharon entered the Knesset chamber at the start of Mr. Begin's speech and left by the time Mr. Peres, the next speaker, reached the podium.

In Tel Aviv Monday morning, Mr. Sharon was accorded a ceremonial farewell with full military honors by Israeli military leaders and Defense Ministry employees as a military band played nearby.

In his last speech as defense minister, Mr. Sharon again disputed the commission's main finding that Israel bore "indirect responsibility" for the Beirut massacre and said he thought it important that he remain in the government.

Mr. Sharon said his policy had always been to maintain a strong deterrent force in Israel, and use it when necessary; he said he was not sure such a policy would now be followed.

The result was an extensive deferral to Mr. Sharon, prompting the commission that investigated the Beirut massacre to criticize the prime minister's lack of involvement in crucial decisions, and the absence of reports to him by the Defense Ministry and the army on matters of high importance.

Numerous questions remain about what duties and powers Mr. Sharon will be given by Mr. Begin in his new capacity and whether he will be allowed to remain a part of important committees within the cabinet such as the one that directs Israel's policy in the negotiations for a troop withdrawal from Lebanon.

News of the weekend attack came as crucial state elections opened amid violence that claimed 25 lives Monday. The latest killings

raised the death toll to 215 after two weeks of violence between Assamese and Bengali immigrants.

The independent news agency said the attack on 15 villages in the Golpur area of Darrang district started about midnight Saturday and lasted until Sunday morning.

Violence, combined with a call to boycott the polls, disrupted voting in many urban areas, where turnout was poor, election officials said. In many rural areas, however, turnout, especially among Bengalis, was moderate, under heavy protection by security forces.

Prime Minister Indira Gandhi's Congress-I Party won four uncontested seats in Assam's state assembly, early results showed. Mrs. Gandhi's candidates were expected to do well because all opposition parties except the Marxists boycotted the weekend election and the Bengalis support the prime minister's policies.

About half the nine million Assamese also were believed to be boycotting the vote to protest Mrs. Gandhi's refusal to strip about four million Bengali immigrants of voting rights. Militant Assamese, who say they fear cultural annihilation by the Bengalis, had demanded that the elections be postponed until the immigrants were expelled.

Seven persons died Monday when arsonists set fire to more than 150 houses in Gagolam, a village about 60 miles (95 kilometers) northeast of Gauhati, the principal city of Assam, officials said. About 750 people were left homeless.

Police shot two persons to death while dispersing Assamese trying to disrupt voting in scattered areas near Gauhati, officials said.

Clashes earlier between Assamese and Bengalis armed with homemade bombs, spears and iron rods killed 14 persons, and police shot two anti-election rioters to death in Dibrugarh, 25 miles north of Gauhati, officials said.

The Press Trust of India reported moderate to heavy turnout in statewide elections for the lower house of Parliament and the state assembly in the districts of Cachar and North Cachar, strongholds of the Bengali immigrants.

Young Monday was confined to areas of Assam where Bengalis outnumber Assamese. Most government officials live in these areas, the Press Trust of India said.

Police shot two persons to death while dispersing Assamese trying to disrupt voting in scattered areas near Gauhati, officials said.

The unannounced campaign is intended to counter a trend in public opinion that has emboldened congressional critics of President Ronald Reagan's military budget. Prominent administration officials who rarely speak on military matters have been instructed to defend the U.S. buildup at every opportunity.

William I. Greener Jr., a spokesman for the Pentagon and White House in the Ford administration, has been brought in as a consultant to coordinate speeches and public statements. White House officials say that, within the next few weeks, Mr. Reagan will make another televised appeal for his military budget, probably tied to a key vote in Congress.

Mr. Greener has been complaining publicly and privately that support for his military policies has eroded in the face of media criticism.

Last week, the president told a group of editorial writers in the White House that he thought this criticism had "created a false belief among too many people in this country that, maybe, in one or two years, we've solved the problem, but we've got a long way to go before we really can say that we are able to meet the first prime responsibility of the national government, which is to be able to guarantee the safety and security of the nation and our people."

The White House communications director, David R. Gergen, said the turning point in administration perception began with a Louis Harris survey in Business Week magazine in November that showed a two-year decline, from 71 to 17 percent, in the number of Americans who thought that the United States needed to spend more on military defense.

Mr. Gergen said that other surveys, including those by Richard B. Wirthlin for the White House, have since reported similar findings.

In January, a Washington Post-ABC News poll showed that 59 percent of Americans believed the military budget should be cut to reduce the federal deficit. This was up from 41 percent a year ago.

These findings coincided with the concern of national security officials that the secretary of defense, Caspar W. Weinberger, was being left out on a limb while some White House officials undermined the president by failing to campaign ardently for the military buildup.

The White House chief of staff, James A. Baker 3d, was especially suspected of taking a less-than-enthusiastic

approach to the military buildup.

At the Venetian University, Richard M. Nixon is head of its world affairs center. Page 6.

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United Press International
Ariel Sharon reviewed an honor guard as he left the Defense Ministry in Tel Aviv Monday, his last day as defense minister. He becomes a cabinet minister without portfolio.

100 Killed in Assamese Villages; 25 Others Slain as Elections Start

United Press International

NEW DELHI — Armed gangs killed at least 100 persons in a night attack on a cluster of 15 villages in the northeastern state of Assam, officials told United News of India on Monday.

News of the weekend attack came as crucial state elections opened amid violence that claimed 25 lives Monday. The latest killings

raised the death toll to 215 after two weeks of violence between Assamese and Bengali immigrants.

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(Continued on Page 2, Col. 7)

GM, Toyota Agree on Joint Production in U.S.

United Press International
DETROIT — General Motors Corp. and the Japanese firm Toyota Motor Co. — the world's No. 1 and No. 3 automakers — announced a \$300-million deal Monday to jointly build subcompact cars at GM's unused plant in Fremont, California.

The announcement of the agreement in principle was made simultaneously in Detroit and Tokyo. The GM chairman, Roger Smith, said the two companies will sign a "memorandum of understanding" Thursday in Fremont. Detailed agreements will be negotiated later.

The deal fills GM's need for an economical subcompact and provides Toyota with a relatively low-cost entry into the United States market. "We need a new entry into

the subcompact end of the business that attracts first-time buyers," Mr. Smith said.

The two companies will jointly build 200,000 cars a year for up to 12 years to be marketed by Chevrolet dealers. The price of the so-called T-cars would be about \$6,000, according to a trade publication.

Each of the automakers will produce 3,000 cars immediately in Fremont while an estimated 9,000 more "could be dedicated" later to the operation. A stamping plant is to be built next to the assembly plant. He said construction would start immediately and would take about 12 months.

Mr. Smith said GM believed the agreement is "the best thing to do" to provide those jobs.

David Healy, an analyst with Drexel Burnham Lambert in New York, said Toyota is trying to

assemble a "fast start team" that will be from Toyota, the GM chairman has said that decision will be made by the GM-Toyota board.

Negotiators in Lebanon Talks Draft Points of Agreement

New York Times Service
BEIRUT — Progress was reported at talks Monday in the Beirut suburb of Khalde between Lebanese and U.S. negotiators on withdrawal of foreign forces from Lebanon.

Lebanese and Israeli spokesmen said after the daylong session that joint subcommittees were trying to draft final versions of points that had been agreed to.

A Lebanese government source said it was a step forward that the negotiators could now put into writing some points of agreement. He did not elaborate.

Monday's meeting in Khalde was the 15th session of the three delegations since the talks began at the end of December. Philip C. Habib, President Ronald Reagan's

special envoy to the Middle East, is holding parallel contacts with Lebanese and Israeli government leaders in an effort to accelerate the negotiations.

Mr. Habib, who flew to Israel on Monday after two days of meetings in Beirut, was reported to be carrying a plan for a phased withdrawal of Israeli, Syrian and Palestinian forces from Lebanon within 10 weeks.

Sources at the conference in Khalde were quoted by Israel Radio as saying that there was still disagreement between the sides on two main issues — early warning stations and the positioning of United Nations forces in a future security zone in southern Lebanon.

The radio said that the Israeli delegation said that it was not

abandoning its request for surveillance stations. The delegation also rejected a U.S. compromise proposal that UN troops man the stations, the radio said.

Israel is insisting that its troops operate three to five outposts in a security zone extending about 25 miles (40 kilometers) north of its border. Lebanon has categorically rejected the demand as an infringement of its sovereignty.

The Lebanese cabinet meeting in emergency session Monday issued a legislative decree entrusting the army with law-and-order duties in the country. The move is in preparation for the expected stationing of the regular troops in East Beirut.

The decree assigned wide powers to the commander of the army and placed the police force at his disposal. Under the legislation, troops will be empowered to search for weapons and apprehend those possessing or carrying them.

In November, Parliament gave the cabinet powers to rule by decree for six months. Monday's measure in effect will bring Beirut under martial law and allow the army to enforce the law.

The army commander is Major General Ibrahim Tannous, a Christian Maronite. He was appointed to the post after Mr. Gemayel was elected to a six-year term in September.

Meanwhile, a contingent of 1,200 U.S. Marines landed Monday in a routine rotation of American participants in the international peacekeeping force in Beirut. Additional French troops also arrived to join their contingent here.

Haddad Extends Enclave in Lebanon

BEIRUT (AP) — Saad Haddad, the renegade Lebanese Army major, declared Monday that he had extended the borders of his Israeli-supported enclave in south Lebanon to cover nearly one-fourth of the country, including the port city of Sidon.

"There is no need to proclaim our new state," Major Haddad said. "This state has been declared a long time ago. It stretches from the sea in the west to the Awali River bridge at Sidon's northern outskirts in the north."

Major Haddad, 43, said the eastern boundaries of his enclave now run from the Bekaa Valley town of Ibt Jinnin to the slopes of Mount Hermon. The southern border of the enclave is Israel's northern frontier, he added.

"This state will remain in existence as long as large chunks of Lebanon are under occupation," he said. "Our objective is the liberation of the whole of Lebanon." He said. "Once it is liberated and united again, then our rule will come to an end."

Major Haddad, who commands 1,500-man militia, established the enclave in 1978 on a 10-kilometer (six-mile) deep strip along the border with Israel upon the withdrawal of Israeli forces from southern Lebanon after a 91-day occupation.

PLO Council Convenes in Algiers; Arafat Remains Firmly in Control

By David Lamb
Los Angeles Times Service

ALGIERS — The Palestine National Council convened Monday with Yasser Arafat firmly in control despite a challenge to his leadership and with most delegates clearly more interested in finding peace than in waging war.

Western political analysts do not expect the 360-member council — equivalent to a Palestine Liberation Organization parliamentary in exile — to make any dramatic policy shifts or undertake new initiatives during the weeklong meeting, but the tone and substance of its recommendations will be closely watched.

The convention is the Palestinians' first since the PLO was defeated by Israel in Lebanon last summer. It comes at a crucial period, with time apparently running out on President Ronald Reagan's Middle East peace proposal and with Mr. Arafat maneuvering to hold together the disparate factions of his organization.

In 15 previous congresses dating for 1964, the council — which had the reputation of operating far more democratically than any government in the Arab world — has usually followed the course charted by its executive committee.

That 15-member group ended its preconvention deliberations Monday, and conference sources said its tone was moderate and distinctly nonbelligerent. They said that it gave Mr. Arafat, the PLO chairman, a mandate to continue exploratory talks with King Hussein of

Jordan that could lead to negotiations with Israel.

Predictably, the executive committee said that Mr. Reagan's proposal for self-government for the Palestinians of the West Bank and Gaza Strip in association with Jordan was insufficient because it fell short of full Palestinian independence. But the plan was not rejected out of hand, and this represented an important victory for Mr. Arafat, who has said that the Reagan contained "positive elements."

Committee members were said to believe that the so-called Fez plan, sponsored by the Arab nations, contained the "acceptable minimum" for the Palestinians. That plan called for an independent Palestine, recognition of the PLO as the sole representative of the world's 4.5 million Palestinians and, according to one interpretation, the implied recognition of Israel.

Israel has rejected both the Reagan and Fez plans, insisting that the Camp David accords constitute the only avenue toward peace in the Middle East.

Mr. Arafat, 54, who has led the PLO for 14 years, has been under attack by radical hard-liners in his umbrella organization since the PLO was forced to evacuate Beirut in August. Among their complaints are Mr. Arafat's discussions with Hussein, his efforts to improve relations with Egypt, his meeting with three Israeli leftists in Tunisia last month and his partial acceptance of the Reagan proposal.

Mr. Arafat let the hard-liners have their say, then mustered his forces to maintain the leadership position. He is said to have the support of about two-thirds of the council's members, and observers noted that the language of the executive committee's resolutions represents the moderate tone that Mr. Arafat favors.

Traditionally, the PLO has spoken with a unified voice, but some delegates predict that the bickering over the various peace proposals might lead to two voices this year, one representing Mr. Arafat's majority, the other the radical minority.

What appears to have stymied significant movement toward any Middle East settlement, observers here said, is Israel's unwillingness to withdraw its troops from Lebanon and Washington's inability to pressure Israel into withdrawing. Even U.S. diplomats in the region doubt that there could be any solution to the 35-year-old Arab-Israeli conflict until the Lebanese crisis was resolved.

Israel has suspended talks with the Israeli government on the "autonomy" of the Palestinians pending an Israeli withdrawal, and Hussein probably will not join in peace talks with Israel while Israeli troops remain in Lebanon. Western diplomats said.

PLO officials said that Mr. Arafat had been sending clear signals to Washington and Tel Aviv for weeks to indicate that he was ready to discuss concessions. But, these sources say, there has been no response, and this silence has heightened the radical opposition to Mr. Arafat within the PLO.

By Iain Guest
International Herald Tribune

GENEVA — Portugal and Indonesia are lobbying furiously at the current session of the UN Human Rights Commission in an effort to influence a critical vote over the former Portuguese territory of East Timor, which was invaded and annexed by Indonesia in 1975 after Portugal withdrew.

The campaign is expected to culminate Tuesday when the commission votes on a resolution to affirm East Timor's right to self-determination.

Observers say the resolution could be decisive for Indonesia's claim to the territory, which has not been accepted by the United Nations. If the resolution is accepted by the 43-member commission, that will place the issue firmly on the UN's human rights agenda and thus give a boost to the Fretilin liberation movement of East Timor.

If the resolution is defeated, opposition in the United Nations to Indonesia's rule could begin to crumble. The last vote in the General Assembly against Indonesia in November was a far narrower margin — 50 to 46 — than on previous occasions.

Observers at the commission said the debate so far had been notable for political maneuvering rather than for an appraisal of East Timor's human rights problems.

"No one wants to hear the truth any more," said a human rights lobbyist, who asked not to be named. He said that the issue was raised under a general agenda item, "self-determination," which has more to do with foreign policy than with human rights.

Indonesia's takeover of East Timor has been defended by Malaysia and the Philippines, both members of the Association of Southeast Asian Nations. Australia has also supported Indonesia.

Apart from Portugal, Indonesia's fiercest critic has been Zimbabwe, whose leaders formed strong ties with Fretilin during the Rhodesian guerrilla war. East Eu-

ropeans are also expected to vote against Indonesia.

The debate has underlined the lack of information on East Timor, mainly because access to the island has been strictly controlled by the Indonesians.

For instance, Portuguese delegates, quoting Amnesty International, said there were 4,000 prisoners on the small island of Atauro and 2,000 in the main prison of Dili, the capital. The Catholic organization Pax Christi said there were 5,000 prisoners on Atauro. It also warned that there was danger of famine recurring.

Indonesia responded with a statement last week referring to visits by the International Red Cross and the UN High Commissioner for Refugees as proof that there were no famine and no human rights violations.

These claims have embarrassed the two agencies. A spokesman for the UN office said Friday that, though the agency operated a small repatriation program from East Timor to Australia, it had never mounted an investigating mission.

A Red Cross spokesman said Friday that the food situation had clearly improved, but he warned that the 1982 rice crop had fallen far short of needs and that food aid would still be needed.

The spokesman added that, a year ago, Red Cross delegates visited 3,757 displaced persons who were moved by the Indonesians into camps on Atauro, and 93 prisoners at Dili. Of these, he said, 13 were detained in connection with guerrilla activity.

Ten months later, delegates made follow-up visits to 3,794 displaced persons on Atauro and 128 prisoners at Dili and another prison.

The Red Cross official said that under an agreement with Indonesia, he could not give details of conditions in the camps or prisons. Nor could he comment on the extent to which the policy of resettling the Timorese into camps might have interrupted agricultural patterns, thus worsening the food situation.

And when Colonel Stokes leaves Tuesday, there will still be someone from his family here. His son, Second Lieutenant Christopher Stokes, is arriving with the next wave of marines.

The result has been a new, coor-



WORLD BRIEFS

House Leaders Back Jobs Bill

WASHINGTON (UPI) — The House Democratic leadership unanimously agreed Monday to support a \$4.3-billion emergency jobs program offered by the Republican administration of President Ronald Reagan.

The plan includes an additional \$2.9 billion for unemployment benefits and money for jobs to repair urban mass transit systems, highways, airports, and improve soil conservation, flood control programs and national parks. It also includes money for community and urban grants and for financing maintenance of Veterans Administration hospitals and other federal buildings.

Speaker Thomas P. O'Neill, Democrat of Massachusetts, said he hoped the bill could be put through Congress and be ready for Mr. Reagan's signature in two weeks. During a closed meeting Monday, the House Democratic Steering and Policy Committee voted to support the plan. Democrats had been seeking a jobs bill costing \$7 billion in \$10 billion.

Arms Talks 'Disappoint' U.S. Aide

BRUSSELS (AP) — A leading State Department official said Monday that the latest round of arms talks in Geneva was "disappointing" and that hints of a new Soviet approach had not materialized at the negotiating table.

"I think our experience to date, in the recent round, has been somewhat disappointing," said Richard R. Burt, assistant secretary of state for European affairs. "The Soviet Union is not taking a forthcoming approach. The kinds of hints they are giving various visitors who go to Moscow about what they are prepared to do have not panned out in the negotiations."

Mr. Burt made the remarks at a news conference after chairing a meeting of a NATO group monitoring the negotiations to reduce medium-range missiles in Europe. He declined to give any details of most recent negotiations.

3 Sought in Theft of Racehorse

DUBLIN (AP) — Police issued descriptions Monday of three men suspected of taking part in the theft of the missing stallion Shergar. The three were seen near the Ballymany stud farm in County Kildare, 30 miles (48 kilometers) west of Dublin, a day or two before the racehorse was stolen Feb. 7, a police spokesman said.

Police called the descriptions, provided by witnesses, a welcome lead in their hunt for one of the world's most valuable animals. Shergar, who won the Irish and English derbys in 1981, was retired afterward and put out to stud, where he had been earning fees of \$91,000 to \$104,000 for each foal produced.

The Irish Times of Dublin, meanwhile, reported that an unidentified London intermediary was negotiating with the thieves on behalf of Shergar's owners, a 35-member syndicate headed by the Aga Khan. But Guy Dutton, the manager of the Ballymany stud farm, denied the report.

Hinckley Said to Be Out of Danger

WASHINGTON (UPI) — John W. Hinckley Jr., who took an overdose of drugs in his mental ward in an apparent suicide attempt Sunday, appeared to be improving Monday and was reported "out of immediate danger."

"He is no longer in serious condition. He has improved. He is now listed as stable," said Wayne Pines, a spokesman for St. Elizabeth Hospital. But a spokesman for Greater Southeast Community Hospital, where Mr. Hinckley was taken Sunday from St. Elizabeth's, later clarified the condition report, saying, "Mr. Hinckley is still in serious but stable condition."

Pretoria May Bar Church Funds

PRETORIA (NYT) — The head of the security police urged Monday that the South African Council of Churches, the main ecumenical body in the country, be barred from receiving funds from foreign sources.

The council is headed by Bishop Desmond M. Tutu, a black Anglican who has associated it closely with movements of social protest on racial issues such as the compulsory resettlement of blacks in impoverished rural "homelands." Ninety-six percent of the council's funds are officially estimated to come from foreign churches, mainly in Western Europe.

Lieutenant General Johan Coetzee, the commander of the security police, recommended that these foreign funds be blocked. He made the recommendation during his third day of testimony before a judicial commission that the government appointed last year to investigate the church council's activities.

For the Record

TURIN (AP) — Fire officials said Monday that all emergency exits were unlocked as required by law when firefighters arrived at the burning cinema where 64 persons died Sunday evening. It was the biggest death toll from a fire in Italy since World War II. Three persons were seriously injured and dozens were treated for smoke inhalation, officials said.

GREENHAM COMMON, England (AP) — Eight women breached the perimeter fence at the U.S. air base here Monday in a protest of plans to deploy cruise missiles, and were detained for questioning, the Defense Ministry said.

MUNICH (UPI) — Two Poles were sentenced to jail terms of four and a half years each Monday for hijacking a Polish airliner to Munich on Aug. 23, using a fake bomb. Ryszard Paszkowski, 27, and Franciszek Sarzynski, 25, said they had hijacked the plane to escape persecution and avoid economic hardships.

At the Lebanese university, Captain Johnson and the rest of his men were preparing to get back to their ships and return home.

Some of the marines were inside, cleaning their equipment, while others were outside playing the semifinals of the company volleyball tournament.

Captain Johnson was in his office, boiling water for coffee. When asked about his reaction to the reports from Israel, he said he did not want to talk about it. When he was asked if he was not worth talking about.

But Captain Johnson's first sergeant, Gerald McDougall, was not shy.

"We've been together for a year now," Sergeant McDougall said. "The men know what kind of man the captain is. It's just that the other side's got to throw stones."

Down the hall from Captain Johnson's office, other marines were sorting through 1,300 T-shirts that were given to them by the marines before they leave for home.

While marines have said in the past that they are bored in Lebanon, that they wanted to do more, those interviewed Saturday said they were glad they were part of the unit chosen to come to Beirut.

It was, after all, their first major assignment with global importance since the Vietnam War. They had managed to carry off their 100 days in Lebanon without firing a shot.

And, if anything, it was better than being crowded on a ship in the 6th Fleet. It was a feeling that anything could have happened.

"They know something real could happen," said Lieutenant Adam Putnam. "That's got to be good preparation for the company."

Lieutenant Putnam said that about 25 percent of the company under Captain Johnson's command had volunteered to stay behind and help with any transition work that might be necessary. But because the Beirut assignment had stretched the marines a little thin, none would stay behind.

And when Colonel Stokes leaves Tuesday, there will still be someone from his family here. His son, Second Lieutenant Christopher Stokes, is arriving with the next wave of marines.

At a high-level White House meeting it reportedly was decided that senior-ranking staff members and Cabinet officials would try to make a frequent, and unlisted, case for the military budget.

Mr. Reagan has frequently, and accurately, observed that the trend toward spending a lower percentage of the gross national product on military began during the Kennedy administration. Usually, he has failed to add that a reversal of this trend began under Gerald R. Ford and continued under Mr. Carter.

Now, however, Mr. Reagan is more than willing to acknowledge the budgetary direction of his two immediate predecessors as he seeks to recreate a bipartisan coalition for his military budget.

Yasser Arafat, the PLO chairman, had a laugh at the Palestinian executive committee meeting in Algiers. With him were Abou Rachid, left, general secretary of the executive committee, and Khaled Fahoum, right, chairman of the Palestine National Council.

Pinocchet Acts to Fight Chile Recession

SANTIAGO — President Augusto Pinochet of Chile reshuffled his cabinet Monday in what government sources said was an attempt to breathe new life into an economy in severe recession.

Reagan Range Policy Gives Ranchers More Voice

By William E. Schmidt
New York Times Service

DENVER — Cattle ranchers in the West stand to gain a large measure of control over land and water resources on about 170 million acres (68 million hectares) of federally owned land under policy changes initiated by the Reagan administration.

Over the past year, the Bureau of Land Management, the part of the Department of the Interior that administers the largest share of U.S. public lands, has moved to give cattlemen a stronger voice in range management and pulled back from what some ranchers have regarded as overzealous attempts to limit the number of cattle that could be grazed on public rangeland.

Also, the agency is no longer seeking a blanket federal claim to water on public land. Instead, ranchers are being encouraged to file, under state laws, for private title to water from artificial stockwatering ponds and wells even if the U.S. government owns the land.

Cattle ranchers, who have long sought to treat victims of wars and other national emergencies, according to government officials.

The officials who said they did not wish to be identified, said the administration decided several weeks ago to delay the General Services Administration's purchase of about 10,000 pounds (4,500 kilograms) of morphine sulfate, an analgesic that is among the half-dozen drugs stored in the strategic stockpile for civil defense.

An official of the Federal Emergency Management Agency, which is responsible for civil defense programs, said the agency had recommended the deferral. He described the decision as "fairly routine."

Mr. Clark eventually decided, the officials said, that more morphine was not needed now, that

there were serious legal questions raised by the prospective purchase, and that the public might misconstrue stockpile purchases of morphine as an indication that the United States was prepared to fight and prevail in a nuclear war.

Some officials said they doubted that the stockpiles would do much good in an emergency. They noted that there were virtually no good plans for distributing the morphine, and some said they doubted that effective plans could be drafted.

A spokesman for the Emergency Management Agency said the purchase had been postponed until a medical panel reviewed the pharmaceutical products on the stockpile list to determine which drugs should stay on and how much should be stored.

The agency official said the planned purchase had also raised legal questions about the importing of controlled substances. "Given the legal issues, and our medical review," the official explained, "we simply decided that it would be advised to defer the purchase."

Since 1943, the United States has maintained a stockpile of strategic and critical materials — drugs, metals, and other potentially scarce substances. The law requires storing enough strategic materials for no less than three years of use.

■ U.K. Said to Begun Stockpiling

The British government has secretly started buying key metals and minerals to create a strategic stockpile, The Financial Times newspaper reported Monday, Reuters said.

The daily, quoting trade sources in London, said several South African companies had been approached with orders for chrome, manganese and other materials vital to industry or used in the manufacture of arms. It said the initial orders were thought to be worth between £5 million and £10 million (\$7.7 million and \$15.4 million).

A Department of Industry spokesman said he could not confirm or deny the report, but he added, "The government has been considering a strategic stockpile for some considerable time."

In addition, the Interior Department is studying an appeal by the cattle industry and a number of powerful political allies in the West, including Senator Paul Laxalt of Nevada, to rescind a 1976 executive order that withdrew from private control or ownership natu-

ral water holes and springs on federal land.

The decision to shift increasing control over the public range and its resources to the ranchers who use them is philosophically consistent with the Reagan administration's broad approach to controls of public lands.

At issue is the ultimate control of vast tracts of dry, desolate, sage-covered land that historically has been the province mainly of cowboys and cattle. Of 174 million acres of public land administered by the Bureau of Land Management in the lower 48 states, all but four million acres are leased as range land.

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Cattle ranchers, who have long

been the ones who develop wells in places where there is no water, and often at our own expense," said Bob Wright, a rancher from Wells, Nevada, who has been a leader in the drive to rescind the executive order that reserves to federal control any water holes on public rangeland.

Under the Carter administration, cattlemen were among the most vociferous members of the so-called Sagebrush Rebellion, a coalition of Western ranching, mining and political interests that sought to loosen federal controls over national forest, park and rangeland in the West. In general, cattlemen say they are much happier with federal range policy under the Reagan administration.

"The government cannot manage arid lands for multiple use if the right to develop and use water

is in private hands," said Frank Gregg, director of the Bureau of Land Management.

Compared with the furor over questions about mineral leasing on U.S. wilderness areas, range management receives comparatively little attention, even though range land is the largest part of public land in the lower 48 states.

"There's just no one out of most of this land except cowboys. Bureau of Land Management specialists and a couple of bird watchers," said Dusty Zembretter, a resource specialist for the National Wildlife Federation.

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SAILING ACCIDENT — A Coast Guard helicopter searched for two persons missing after a sailboat capsized near San Francisco. Three persons were rescued.

U.S. to Delay Buying Pain-Killer For Emergency Stock, Officials Say

By Judith Miller
New York Times Service

WASHINGTON — The Reagan administration, in part out of concern about public fears that the United States might be prepared to wage a limited nuclear war, has decided to defer purchasing large quantities of a pain-killing drug used to treat victims of wars and other national emergencies, according to government officials.

The officials who said they did not wish to be identified, said the administration decided several weeks ago to delay the General Services Administration's purchase of about 10,000 pounds (4,500 kilograms) of morphine sulfate, an analgesic that is among the half-dozen drugs stored in the strategic stockpile for civil defense.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Brandt Report Bis

In the 1920s, the European economies desparately weakened by World War I, swung erratically through a series of currency crises. The German mark collapsed in hyperinflation, the French franc fell to a fifth of its prewar value, and the British struggle to maintain the pound pushed the country into severe unemployment that lasted nearly two decades.

As world prices fell, the United States tried to build a dike against cheap imports with the Smoot-Hawley tariff of 1930. Countries began to devalue their currencies deliberately to make their exports more competitive. Both Britain and the United States tried it. But countries that bar imports have trouble selling exports. By 1933, American exports were down to one-third the 1929 level, and unemployment was up to 25 percent. The German rate was over 30 percent until a new government that took power just 50 years ago began to pull it down by rapid rearmament.

There was a conference in London in the summer of 1933 to try to stabilize the world's sinking economies, but the United States, fearful of being drawn into what it considered a European quarrel, refused to cooperate. President Franklin Delano Roosevelt told the London conference that international currency reform might better await "concerted policies in the majority of nations to produce balanced budgets and living within their means."

As Europe staggered out of the wreckage of World War II, everyone knew that the failures of economic cooperation and leadership had contributed powerfully to the catastrophe. Among Americans, all but the most committed isolationists acknowledged that the United States could, and should, have done much in

economic policy to avert the war. Throughout the Western world there was a passionate resolve not to let it happen again.

Recently we have been seeing frequent references to the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade. They are basic institutions of the postwar economic structure, built at the end of the war to knit nations indissolubly together with flows of trade and exchange that none could afford to break. The idea was to create a stable prosperity that would be the foundation for liberal democracy. It worked.

In the United States since 1950 real incomes per person have doubled. Americans are, on average, twice as well off as their parents a generation ago. In Western Europe incomes have tripled from the prewar level. Yet there are a lot of American congressmen who say they don't see much value to the IMF and foreign trade and that sort of thing.

Last week a commission led by Willy Brandt warned that the world was sliding toward economic anarchy and perhaps worse. It called urgently for more vigorous cooperative action to stabilize currencies, production and jobs. Mr. Brandt was 10 years old, living in Lübeck, when inflation destroyed the German mark. He was 19 when Hitler came to power, 20 when the London conference failed and 26 when the war started. He later became the chancellor of a West Germany grown weakly in a triumph of those postwar policies now in danger of falling into confusion. His commission's appeal to Europeans, Japanese and Americans could be reduced to a single question: Have you forgotten so soon?

—THE WASHINGTON POST.

A Pro-IRA Parade?

In the Provisional Irish Republican Army, "to kneecap" means to cripple a person for life by pumping bullets into both knees. It is a favored punishment for betrayal by fellow Irish Catholics. The bullets may well be obtained with money collected in America for professionally humanitarian purposes by groups like the Irish Northern Aid Committee.

It is hard to believe anyone intended to celebrate kneecapping when Michael Flannery, the president of the committee, was named as this year's grand marshal of New York's Saint Patrick's Day Parade. Few members of the Ancient Order of Hibernians, which bestowed the honor, have ever witnessed a kneecapping, or any of the 1,200 murders committed by the IRA. The Order seems to have wanted to celebrate only Mr. Flannery's acquittal in New York last November on charges of smuggling arms to the Provos. But the 81-year-old Mr. Flannery has been quick to turn a gesture of

solidarity into a blessing for violence: "It's definitely going to be a pro-IRA parade."

Really? Will the wearing of the green on March 17 represent an endorsement of terrorism? To most Americans, Hibernian and otherwise, the venomous doctrines of violence will surely spoil a wonderful annual party.

Ireland's government, stunned and dismayed, says it will boycott the parade. So will the Irish Tourist Board and Aer Lingus. Cardinal Cooke has said what to do. Neither has Senator Moynihan. Mayor Koch and some other politicians are trying to straddle the green line; they are against violence but all for marching. It will take more than Michael Flannery to kill the spirit of the day. But the boycotts and arguments already in train may cripple the parade. The Hibernians ought to think again and make very clear whom and what they mean to honor.

—THE NEW YORK TIMES.

Other Opinion

Saluting Brandt Report II

It is three years since Willy Brandt's independent commission produced its first report. The economic crisis is graver. The slow growth of world trade became last year's absolute decline. The mountain of Third World debt is greater. The banking system is weaker. The deflationary policies of the developed world, as country after country scrambles for larger shares of dwindling markets, offer no clearer promise of significant recovery than they did in 1980. Brandt I, with notable perspicacity, foresaw the consequences of the course on which the First World's governments had embarked, and warned against them.

Yet, through the Cancún summit, three meetings of the Big Seven's leaders and countless gatherings of their finance ministers, the message has largely been ignored. The arrival of George Shultz at the State Department, West German fear of unemployment, the election of the French Socialists, even the speedy welcome to Brandt II from our own Foreign Office, in such contrast with its reaction three years ago, all point to openings in the Friedmanite phalanx. But the dangers remain of doing too little far too late. The need for "Common Crisis" was clear. It is welcome.

—The Guardian (London).

No more important document lies on the desks of the world's leaders than the second Brandt report, published last week. It gives an urgent and credible warning of impending "world economic collapse" causing the disintegration of societies and "anarchy in many parts of the world," with incalculable consequences for world security. And it lays down specific, practicable proposals which could avert the tragedy. Few who survey the world with even half-open eyes can disagree with the broad outlines of its diagnosis.

The recession, now in its fourth consecutive year, is undermining the very foundations of the world economic system. The results are, naturally, starker in developing countries. Many were in peril even before the recession. But the deliberate deflation of Western econo-

mies turned decline into disaster. The contraction in trade adds to the fast-mounting pressures for protectionist measures that could bring back the economic anarchy of the 1930s — with all its consequences for peace.

All this was predicted in the first Brandt report three years ago, and instantly dismissed as shortsighted — attitude inculcated by the daily round of politics. And the politicians seem rather more ready to receive them.

There are signs that senior U.S. figures understand the seriousness of the crisis. Many Third World countries appear ready to abandon their wilder rhetoric for practical negotiation. The time has come for Britain, West Germany, Japan and the United States to lead the world back to healthy growth.

The dangers of depression now far outweigh any danger of renewed inflation. As Willy Brandt says in the report's introduction, "Time is short and every day may count."

—The Observer (London).

A Korean Shopping List

As bilateral [U.S.-South Korean] issues we may cite Korea's export of defense industry products to third countries, increase in U.S. foreign military sales credits and boosted trade and economic cooperation. We are looking to the American side to increase the FMS credits and cooperate in helping Korea export its ammunition goods in the cause of bolstering Korea's efforts to modernize its military equipment. We are also expecting Washington to lower the interest rate of the FMS credits to the level endowed to Israel by giving Korea the most favored nation's treatment.

—Joong-ang Ilbo (Seoul).

FROM OUR FEB. 15 PAGES, 75 AND 50 YEARS AGO

1908: Russia Worries Swedes

STOCKHOLM — The negotiations regarding the Aland question are causing general anxiety here. The Swedish press is unanimous in pointing out that whatever may be the result of the negotiations, Russia must not be allowed to fortify the Aland archipelago. The fortification of Aland or the establishment there of a Russian naval base would paralyze the defense of northern Sweden. The fortress built at Boden, near the frontier of Finland, would thereby be rendered useless. The much discussed plan of moving the headquarters of the Swedish Navy to a suitable point on the Stockholm archipelago is sure to become a burning question.

PARIS — That new Parisian insouïtue the clock at the Observatory which gives you the exact time by telephone, got off to a belated start yesterday. Long before 9 a.m., the hour set for the service to begin, dozens of subscribers were ringing the magic number — 0360 8400 — without success. Immediately the clock was connected with the telephone system, calls came so fast that the 20 lines attached to the time-telling machine became overheated and the service was temporarily disconnected. Excited subscribers had quieted down sufficiently for the service to be resumed about an hour later. Yesterday afternoon a test call found the machine working perfectly.

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The Challenge at Geneva

By Helmut Schmidt

No one has been closer to the Euromissile issue from the start than Helmut Schmidt, who as West German chancellor brought NATO to its 1979 decision either to negotiate away the new Soviet missiles threatening Europe or to start deploying new American missiles at the end of 1983. Following are excerpts from replies by Mr. Schmidt to questions from The Washington Post.

The Soviet Union had begun to build up an independent "Eurostrategic" threat and above all a political means of pressure, which unfortunately, through the arms-control negotiations of President Carter, was not included in SALT-2, as corresponding to Germany's interests, had been Washington's intention during the Ford and Kissinger era.

Inclusion of these systems — the SS-20 and the Backfire — in the SALT-2 agreement would have been necessary from an overall strategic viewpoint because it could be anticipated that the Soviet Union would see no reason to limit its intermediate-range armament as long as the United States confined itself to the intercontinental strategic weapons in the SALT-2 talks.

This assessment of the situation, which I have maintained since the end of 1974, has been confirmed by subsequent developments.

Naturally, among independent states there will always be differences of opinion. But until now trustful consultations have always, again and again, strengthened the vitality of our alliance of free states. When Soviet Eurostrategic armament is concerned, however, there have been since the end of the Ford-Kissinger era several U-turns in American policy all the way to public perception of fighting a limited nuclear war. The discontinuity of American policy has caused considerable irritation in Europe.

But with the twin-track decision in 1979 we took together an important step toward increasing

the security of Europe, and at the same time we started out on a new course in arms-control diplomacy. For the first time, negotiations are taking place about weapons systems that have not yet even been deployed.

Above all we have brought the Soviet Union to the negotiating table. A weak alliance would not have been able to achieve this.

The bilateral zero option is not a component of twin-track decision. It is the conceivable and desirable positive extreme, opposed to stationing of all 572 systems, which is the negative extreme. But one usually negotiates with a partner who has other views about what is an optimal result. If one only wanted to get the signature of the negotiating partner under one's own offer there would be no need to negotiate.

This is also why the important last paragraph of the twin-track decision says that only in the light of concrete negotiation results will it be determined how many of the maximal 572 systems are to be stationed. In this respect, the negotiating result [last summer] of the Nitze-Kvitinsky talks was on a correct course.

The crucial point is: Neither negotiating partner will be able to maintain his starting position if they really want to come to an agreement. What is important is that the United States and the U.S.S.R. reach a compromise that leads to a considerable reduction of the Soviet nuclear intermediate-range potential that safeguards our



security interests. Such a result can be achieved.

The number of possible solutions is limited. I trust that the United States will do all that it can in order to achieve a good result. We will examine this negotiating result in the alliance before the agreement is signed. We will see then whether European interests have been taken sufficiently into consideration. I suspect that we will have to make compromises here as well.

I hope those who bear responsibility in Moscow and Washington, having wasted too much time already, will finally discern the whole instead of the parts, so that they can break through prefabricated ideologies and act according to the realization that although the Geneva negotiations are only one of several important fields, success here could become the cornerstone of the framework for safeguarding peace.

The Washington Post.

Three Middle East Focuses

Arabs Question Reagan's Will to Sway Israel

By Clovis Maksoud

The writer is the Arab League's permanent observer at the United Nations.

dorsing the Palestinians' right to self-determination and the Palestine Liberation Organization's role as their representative in negotiations.

But no Arab leaders are willing to negotiate under duress, and they are extremely wary of plunging into a process that would produce only endless and unfruitful negotiations instead of a credible practical peace.

The Arabs feel that it is unrealistic of the United States to insist that they recognize Israel and join it at the negotiating table, while at the same time, Washington says nothing about Israeli actions in Lebanon and the occupied territories that seem aimed precisely at precluding the possibility of successful negotiations.

Arabs wonder why the Reagan administration does not recognize that Israel is embarrassing and manipulating it, threatening to paralyze U.S. policy throughout the Middle East.

Arabs fear above all that the promise offered by President Reagan's initiative will become yet another victim of Israeli designs. They were encouraged that Mr. Reagan focused attention on the Palestinian issue — the root cause of the United States' failure to express disapproval of Israel's conduct in Lebanon. Instead, America seems determined to help Israel defy the cost of the war.

Arabs cannot help wondering whether by participating in U.S. efforts to bring order to the region they are sanctioning a U.S. reward for Israeli actions in Lebanon.

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America's Corporate Tax Game

By R.J. Samuelson

WASHINGTON — When President Reagan recently suggested ending the corporate income tax, you could almost hear the groans: "Another tax idea," Mr. Reagan seemed to agree, saying he should kick himself for mentioning it.

It is, in fact, not a bad idea — but one without a future.

The corporate tax is popular because corporations are unpopular. The myth persists that corporations exist apart from a tax on them; a tax on us, but the corporate tax almost certainly has undermined America's economic performance.

Yet the tax's biggest vested interest is corporate America. Removing the tax would shake the nation's board rooms in ways most executives prefer, not to contemplate.

A common gripe against eliminating the tax is that it would be a giveaway to the rich. Not necessarily so. Exempting corporations from income taxes does not mean exempting corporate income from taxes. Income ought to be attributed directly to shareholders. If John and Mary Moneybags own 10,000 shares of IBM, they would report \$73,900 (profits of \$7.39 per share) in 1982 and be taxed accordingly.

ARTS / LEISURE

Asia's Growing Taste for Beer

By Pamela G. Hollie
New York Times Service

THE Japanese love beer. It is the kind of winning combination that the Anheuser-Busch Co., the owner of the St. Louis Cardinals and the United States' best-selling beer, is exploiting this month with a delegation of former and current Cardinal players.

In just two years, exports of Budweiser beer from the United States have grown from nothing to an estimated million cases a year in Japan. Its success has prompted Budweiser's Japanese distributor, Suntory, Japan's third-largest brewer after Kirin and Sapporo, to obtain a license to produce Bud for the Japanese market in Japan.

Budweiser will be the first American brewer to make beer in the Asian market. "Except for Canada and some testing in France, this is the first indication that Budweiser will do well overseas," said Joseph Finnigan, a spokesman for Anheuser-Busch. In 1983, Suntory is predicting Bud sales of 1.5 million cases.

Compared with Europe and the United States, Asia has until recently been considered a stale market. But while other consumer markets have slowed, even collapsed, because of the world recession, the demand for beer in Asia has continued to expand by at least 20 percent a year, according to a study by McCann-Erickson, the advertising agency.

Regional and national beers such as Malaysia's Tiger and Anchor beers, Papua New Guinea's South Pacific beer, the Philippines' San Miguel, Australia's Foster beer and Swan Lager, and China's Tsingtao beer have done increasingly well, well enough, it seems, to draw the interest of American brewers.

The entrance of Bud confirms the growing impression in Asia that the territory is worth fighting over. Though Asian consumption of beer is small, the competition is building and monopolies have fallen in bitter wars for the beer market in Malaysia, Papua New Guinea and the Philippines.

In the Philippines, where the struggle has been particularly severe, the century-old San Miguel Corp. has been challenged by the one-year-old Asia Brewery. For decades in the Philippines, when one asked for beer, there was only one, San Miguel in amber bottles.

But in the last year, since Asia Brewery's Beer Hausen came into the market, San Miguel has been forced to offer its customers more choices in taste and packaging. Not only do beer drinkers in the Philippines have a choice of locally brewed beer, but there are import beers, pale pilsners, light and dark

beers, and a choice between cans and bottles.

Since World War II, beer has unquestionably outsold all other beverages in Asia, although complete statistics are not available. Like cigarettes, beer drinking is a sign of worldliness and sophistication in Asia. Television and radio advertising have promoted the notion that friendship and good times are associated with beer drinking.

What is more, it has become more fashionable for women to drink beer, even in such traditional cultures as Japan. Beer is also a better accompaniment to hot Asian food than wine. And it is a reasonable substitute for water in countries where it is safer to drink something bottled.

Moreover, beer is cheaper than most other beverages. "Inflation has been about 9 percent to 10 percent annually, but our increases were only 5 percent," said Lee Kee Hock, sales manager for Malaysia's Anchor beer. A glass of beer in Asia costs about 15 cents but is more in Japan and Hong Kong.

In the past, beer makers in Asia concentrated on small but reliable markets. Guiness, for example, based its success in Asia on its popularity with Indian plantation workers on rubber and oil palm estates. But Guiness also found that its sales dropped when commodity prices for rubber and palm oil slipped.

Last year, Guiness expanded its beer line with Guiness on Tap, lighter than stout, with 4 percent alcohol content, for regular beer drinkers in Malaysia's 900 pubs.

Of Asia's beer markets, Japan is the largest. The Japanese, who consume 40 liters per person annually, have always been enthusiastic beer drinkers, downing more than \$1 billion worth of beer a year. After Japan, consumption drops considerably. The Chinese in Hong Kong consume 28 liters per capita annually, while Singaporeans drink 26 liters per person.

Consumption in the developing countries, like Indonesia or Malaysia, which have large nondrinking Moslem populations, has been so low that for many years breweries produced only for the post-colonial communities.

Until Budweiser began distributing in Japan in 1981, imported beers in Asia were primarily from Australia or Europe. American brewers saw little reason to go so far for so small a market. But Anheuser-Busch, by design or by luck, seems to have caught the changing trend in Japanese beer-drinking habits just right. As consumers began demanding variety in their beers, Budweiser came to market. According to Suntory, Budweiser has become Japan's largest-selling

imported beer, ahead of Heineken, in just two years.

Budweiser's rapid rise in Japan represents a direct threat to the country's largest brewer, the Kirin Brewery Co. Though Budweiser will never challenge Kirin for its control of 62 percent of the Japanese beer market, it is the first time the two international brewers have met on one or the other's turf.

And with the announcement that Suntory will be brewing Budweiser in Japan, Kirin can no longer challenge Budweiser on the ground that, like other imports, it is not fresh beer. "Beer is natural food — to enjoy its natural taste, it should be drunk very soon after being brewed," Shigeo Konishi, Kirin's president, said.

Nonetheless, Kirin exports to 20 foreign countries, including the United States. But even though Budweiser intends to produce its beer in Japan, Kirin said it had no plans to do likewise in America.

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COMMODITIES

By H.J. MAIDENBERG

Fed Unsure of Role in Setting Margins on Financial Futures

NEW YORK — Should the Federal Reserve regulate margins in the market for futures and options on financial instruments and stock indexes? Or should this power remain with the individual exchanges?

The industry views outside control over margins as a threat to free markets. But the Fed is not sure, despite the fact that its officials have become increasingly worried about the growing influence of the financial futures in the underlying money market and are examining the new stock index futures and options under the same light.

The question arises because commodity traders normally put up only 5 percent to 10 percent of the value of the goods when entering into a futures contract. In the case of financial futures, the leverage is even greater. For example, for about \$3,000, one can control Treasury bills with a face value of \$1 million or Treasury bonds with a face value of \$100,000.

To help the Fed determine what role, if any, it should play in setting the margins, it began last October to solicit comments of those involved. The deadline for responses is Friday.

Last Friday, an official of the Federal Reserve Board in Washington, who asked not to be identified, said: "Normally, I wouldn't discuss such matters until the comments were all in and studied. But the issue has become so charged with emotion that I want to stress that the board has not taken any position on the margin question, nor has Chairman Volcker, who has said he is keeping an open mind on the subject." Paul A. Volcker is chairman of the Fed.

Specifically, the comments solicited by the Fed concerned whether current margins on futures were effective in holding down undue speculation and maintaining orderly markets. Moreover, it is concerned with "what should be the scope of federal margin requirements which markets or instruments should be covered and what problems might be entailed in such an extension" of federal regulation.

The Fed also asked in the notice in the Federal Register on Oct. 21: "What, if any, assets in addition to cash should be used for margin? How should these margins be administered and what agency or agencies should have the authority over margins?"

Those interested in airing their views should write to William W. Wiles, secretary, board of governors of the Federal Reserve, 20th Street and Constitution Avenue NW, Washington, D.C. 20551.

Statement to Be Published

One who has already made the views of his clients known is Thomas A. Russo, partner in the Wall Street law firm of Cadwalader, Wickersham & Taft. In fact, Mr. Russo last week finished a treatise on margin and related commodity regulatory matters that will be published in May by Shepard's-McGraw-Hill.

"Margins have been an emotional as well as economic subject since the stock market crash of 1929," Mr. Russo noted recently. "The general view of Congress was that the crash and resultant deterioration of the economy was caused by the diversion of credit away from useful economic purposes into wild speculation in stocks; that this was useful by the extension of huge amounts of credit to the public in the form of margins of 10 percent or less."

Because the Fed is entrusted with monitoring and controlling the extension of credit, it was charged by Congress with administering margins on stock purchases in 1934, despite strenuous efforts in the Senate to give this power to the Federal Trade Commission. But commodity market margins were not covered by the new law.

The result of the Fed's power over margin was not extended to cover commodities was that futures margins are not an extension of credit in any manner, shape, or form," Mr. Russo said. "Margins on futures are merely a good-faith payment; a performance bond. No goods change hands when one enters into a futures contract or, for that matter, an options contract, which is simply the right, but not the obligation, to buy or sell goods."

By comparison, when one buys stock on margin, which currently requires a cash payment of 50 percent of the value, the other 50 percent represents an extension of credit, he stressed.

Aside from protecting traders and brokers from defaults, commodity margin cash is used by exchange clearhouses to transfer debits and credits at the end of every business day. This system also serves as a financial curb on those who would acquire futures positions beyond their resources.

Edmund R. Schroeder, partner in the Wall Street law firm of Barrett, Smith Schapiro Simon & Armstrong, also represents industry clients who prefer the status quo on margins.

"Commodity exchanges, by and large, have proven their ability to dampen abnormal volatility by adjusting margins," he said. "The Commodity Exchange, for example, has changed margins on its gold, silver and copper futures markets more than 200 times in the last few years. Furthermore, under the reauthorization of the Commodity Futures Trading Commission a few weeks ago, the regulatory agency was given the right to change margins by fiat in emergencies or extraordinary market conditions."

The New York Times

CURRENCY RATES

Interbank exchange rates for Feb. 14, excluding bank service charges.									
	U.S.	C.	D.M.	F.F.	Yen	S.F.	D.M.	U.S.	
Amsterdam	2.675	1.719	18.055	38.75	0.9717	5.619	12.59	31.23	—
Brussels (1)	47.58	73.71	18.72	45.97	—	17.843	12.59	5.619	—
Frankfurt	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
London (1)	1.5279	3.7441	10.0555	22.0784	—	4.1009	7.24	3.0882	11.7255
Milan	1.2745	2.120.15	3.7442	3.831.10	52.15	22.42	16.25	16.25	—
New York	1.5442	0.8158	0.1467	0.0723	0.3754	0.9216	0.4994	0.1175	—
Paris	4.8585	10.538	26.02	—	4.7523	26.08	14.404	34.12	32.95
Zurich	2.006	3.0706	11.75	29.35	0.1443	75.27	4.222	21.95	—
1 ECU	0.9461	0.6761	2.2973	4.6928	1.71814	2.5007	4.54203	1.9103	1.972
1 SDR	1.0715	0.71033	2.44	7.48	1.5208	2.7164	51.5413	2.8007	—
1. Sterling	1.1172	1.1172	1.1172	1.1172	—	—	—	—	—
1 Irish £	0.7294	—	—	—	—	—	—	—	—

(1) Commercial from; (2) Amounts needed to buy one pound (1) 1 Units of 100 (1) 1 Units of 100

INTEREST RATES

Eurocurrency Deposits									
	U.S.	Deutsch	French	Swit.	U.K.	French	ECU	Swit.	
1 M.	8.76	9	5.56	5.56	2.5	2.5	11.16	11.16	9.16
2 M.	9	9.16	5.56	5.56	2.5	2.5	11.16	11.16	9.16
3 M.	9.16	9.16	5.56	5.56	2.5	2.5	11.16	11.16	9.16
6 M.	9.16	9.16	5.56	5.56	2.5	2.5	11.16	11.16	9.16
12 M.	9.16	9.16	5.56	5.56	2.5	2.5	11.16	11.16	9.16
1 Y.	9.16	9.16	5.56	5.56	2.5	2.5	11.16	11.16	9.16

Key Money Rates

United States	Chfs.	Prev.	British	Chfs.	Prev.
Discount Rate	8.76	9.16	Bank Rate	11	11
Federal Funds	8.76	9.16	Call Money	11	11
Prime Rate	11	11	7-day Treasury Bill	10.75	10.75
Broker Loan Rate	9.16	9.16	3-month interbank	11.16	11.16
Commercial Paper, 30-70 days	8.28	8.25	—	—	—
Short-term Bills	8.28	8.25	—	—	—
CDs 30-90 days	8.15	8.15	—	—	—
CDs 90-180 days	8.30	8.35	—	—	—

West Germany	Chfs.	Prev.	British	Chfs.	Prev.
Lombard Rate	8	8	—	—	—
Overnight Rate	5.85	5.70	—	—	—
One Month Interbank	5.65	5.60	—	—	—
3-month Interbank	5.90	5.80	—	—	—
6-month Interbank	5.90	5.80	—	—	—

GOLD PRICES					
	A.M.	P.M.	Chfs.	Prev.	U.S.
Hong Kong	—	—	—	—	—
London	—	—	—	—	—
Paris	—	—	—	—	—
New York	—	—	—	—	—
Offices, Rading for London, Paris and Luxembourg, New York & London	—	—	—	—	—

Sources: Commercial Bank of Tokyo, Lloyds Bank, Bankers Trust, and others. U.S. dollar per ounce.

Recession Reaches Mexico's Oil State



By Alan Riding
New York Times Service

VILLAHERMOSA, Mexico — Six years ago, when Mexico's economy was last in trouble, large oil discoveries beneath the swamps surrounding this city announced the country's imminent recovery. And in the oil boom that followed, nowhere was growth

wider or faster than here. The New York Times
Workers, lured by high wages, drill on a rig near Villahermosa.

cians and attracting thousands more peasants and workers searching for highly paid jobs. But money — more than Tabasco had ever dreamed of — soon strained the social fabric.

"The attitude and mentality of the locals were not adapted to the new rhythm and new customs of those who came here," Mr. Utrilla said. "The newcomers drove big cars, they went to bars, they filled restaurants, the red light district expanded. It was a tremendous shock for Tabasco, and some of the locals soon resented Pemex."

The cattle-ranchers who had dominated the state's economy found their farmhands leaving to work for Pemex. Shopkeepers and small-business operators were unable to pay the salaries necessary to dissuade secretaries and accountants from flocking to the oil company.

With insufficient residential housing available, rents soared, pushing housing prices beyond the reach of local families. And for several years, inflation in this area was consistently 10 to 20 percentage points higher than elsewhere in Mexico.

The greatest impact, though, was felt in the rural areas where Pemex was actually drilling. Because the government owns the soil, Pemex could take over land that it required. But disagreements over the size of compensation provoked angry incidents.

Further, in its eagerness to find and exploit the region's oil wealth as rapidly as possible, Pemex often paid scant attention to environment.

(Continued on Page 9, Col. 1)

U.S., Citing Loss From Loans, Shuts Tennessee Bank

Compiled by Our Staff From Dispatches

KNOXVILLE

Dow Jones Averages

70 Ind	Open	High	Low	Close	Chg.	Prev.
70 Ind	100.33	100.44	99.78	99.88	+0.05	+10.68
75 Tech	108.77	108.84	108.74	108.74	+0.02	+1.02
15 Util	124.45	124.58	122.79	122.79	+0.22	+2.26
65 Inv	43.80	43.84	43.58	43.72	+0.14	+2.86

Standard & Poors Index

Concepts	High	Low	Close	Chg.	Prev.
Industrials	145.24	145.27	145.21	+0.03	+1.45
Utilities	144.44	144.47	144.41	+0.03	+1.45
Finance	61.39	61.49	61.78	+0.34	+1.34
Trans.	24.97	24.98	24.94	-0.03	+2.34

* Included in the sales figures.

Odd-Lot Trading in N.Y.

Feb. 11	Buy	Sales	Short	Close	Chg.	Prev.
Feb. 12	172,000	172,000	172,000	172,000	+0.00	+1.00
Feb. 13	192,014	309,044	1,194	1,194	+0.00	+1.00
Feb. 14	225,722	475,091	1,611	1,611	+0.00	+1.00

Market Summary, Feb. 14

Market Diaries

NYSE

Close

Prev.

AMEX Stock Index

NYSE

High

Low

Close

Chg.

Prev.

Sales

Chg.

Vol.

Up.

Vol.

Down.

New highs.

New lows.

Dow Jones Bond Averages

Buy

Sales

Short

Close

Chg.

Vol.

Up.

Vol.

Down.

New highs.

New lows.

NYSE Index

Composite

Industrials

Trans.

Utilities

Finance

Close

Prev.

Sales

Chg.

Vol.

Up.

Vol.

Down.

New highs.

New lows.

Sales

Chg.

Vol.

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Vol.

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New highs.

New lows.

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New highs.

New lows.

Sales

BUSINESS BRIEFS

Bankers Set Meeting to Discuss
\$200 Million Hungarian Loan

LONDON (Reuters) — Deutsche Bank will host a meeting Tuesday in Luxembourg to discuss with other lead managers a \$200 million syndicated loan being arranged for the National Bank of Hungary, banking sources said Monday.

The proposed terms include a three-year maturity and pricing at the lender's option, at 1% percentage points over the London interbank offered rate at 1 point over the higher of the U.S. prime rate or certificate of deposit rate, the sources said.

The other lead managers are Bank of Tokyo, Arab Banking Corp., Manufacturers Hanover and Creditanstalt-Bankverein.

Grundig Ruling Seen in March

MUNICH (Reuters) — The West German federal cartel office will probably rule in early March on the proposal by French state-owned Thomson-Brandt to take a 55.5 percent stake in Grundig for 800 million Deutsche marks (\$320 million), an office spokesman said Monday.

He emphasized that the timing of the decision has nothing to do with the March 6 West German general elections. Industry sources said that if as expected the cartel office turns down the merger, an alternative solution involves cooperation with Grundig by Siemens, Robert Bosch, Thomson-Brandt and Philips of the Netherlands.

A Grundig spokesman said he had no knowledge of the alternative solution. He said discussions with Philips over a possible exchange of shares were continuing, but there had been no result. Philips has a 24.5 percent stake in Grundig and Grundig holds about 6 percent of Philips' capital.

Caterpillar Sees Brighter Future

Peoria, Illinois (AP) — Caterpillar Tractor said Monday that 1983 sales volume could improve somewhat from 1982's depressed levels, but the overall near-term outlook remains highly uncertain, because of the 137-day strike by 21,000 workers and the weak world economy.

The improvement could stem from gradual economic recovery and a rebuilding of dealer inventories following the strike, it said in its annual report. The scope of the improvement is difficult to forecast, it said, but the company sees 1983 as a transition period to better business conditions in 1984, partly reflecting lower interest rates.

Caterpillar presented new proposals to the United Auto Workers union Thursday, but some union members expressed disappointment with the three-year contract offer. Negotiations were recessed Friday for the weekend.

Alcoa Signs Natural Gas Contract

PERTH, Australia (Reuters) — Alcoa Australia has signed a 20-year contract worth 4 billion to 5 billion Australian dollars (\$3.88 billion to \$4.85 billion) with the West Australian State Energy Commission for natural gas from the northwest shelf, the state's minister for resources development, Peter Jones, said Monday.

Alcoa is committed to half the capacity of a pipeline linking Dampier, where the gas will come ashore, to Waginup, near Perth. Mr. Jones said Alcoa has also committed itself to meeting half the principal and interest repayments on loans raised by the commission for the pipeline.

Company Notes

Nippon Electric Co. said it has developed a new voice recognition large-scale-integration chip to be used for voice-controlled word processors, personal computers and robots.

Rite Aid has completed the sale of five million shares of Super Drug Stores of Britain and as a result now owns 28.2 percent of Super Drug.

Kaiser Aluminum & Chemical said it is withdrawing its published price for primary aluminum ingot and will sell it on a transaction price basis.

Mexico's Oil State Feels Squeeze of Recession

(Continued from Page 7)

mental, questions, and farmers complained that their animals and crops were being harmed by water and air pollution.

After indignant peasants began blocking roads to oil wells to pressure the government into action, Leandro Rovira Wade, then governor of Tabasco, felt forced to denounce Pemex in public, arguing that the state had become a victim rather than beneficiary of the boom.

At that point, Pemex apparently recognized a potentially explosive problem and accordingly, it offered to share the cost of building and repairing local roads, started its own homebuilding program and agreed to pay a special tax to Tabasco equivalent to 6 percent of local oil production. It also set up a commission to deal with the complaints by local farmers.

With the additional funds, Villahermosa, whose population has tripled to 300,000 in less than a decade, was able to carry out urgently needed urban improvements to appease long-time residents and increase the compensation paid to peasants affected by Pemex operations.

Even now, Pemex is blamed for most of the ills that befall the rural population. But company officials respond that local residents have merely discovered an easy way to make money.

"If it rains, it's Pemex's fault. And if it doesn't rain, it's Pemex's

Head of Poland's Trade Bank to Quit

Reuters

WARSAW — Stanislaw Kobak, the head of Bank Handlowy, the Polish state bank that plays a key role in financing the country's foreign debt, has resigned, banking sources said Monday.

The resignation of Mr. Kobak, who took over Bank Handlowy less than eight months ago, will be effective Wednesday, the sources said.

No reason was given, but Mr. Kobak is known to have been unhappy for some time with government policies toward the foreign trade bank.

The sources also said that Jan Woloszyn, first vice president of Bank Handlowy, who has played a central role in renegotiating Polish debt in the last few years, would also probably resign. Neither banker was immediately available for comment.

Mr. Kobak was appointed president of Bank Handlowy last June at the same time as the government put into effect a law aimed at giving

banks more independence from state control.

The law was a key mechanism of an economic reform program aimed at making individual enterprises more self-reliant.

The program has been held up by the resistance of many officials to changes that might threaten their position and the opposition of orthodox communists who object to many of the principles on ideological grounds.

During Mr. Kobak's term of office, Bank Handlowy and the Finance Ministry reached agreement with Western banks on terms for rescheduling 1982 debt, and preliminary soundings have been made on renegotiating bank debt falling due in 1983.

Zbigniew Madej, a deputy prime minister and former chairman of the state Planning Commission, said

last month that future agreements should "provide for longer rescheduling periods than before and smaller quotas to be paid in the next few years."

Foreign Minister Stefan Olszowski, departing from the earlier Polish approach, also said that repaying the total Western debt depended on political as well as economic considerations.

As part of economic sanctions imposed after the military takeover in December 1981, Western states have declined in discuss renegotiation of about \$10 billion of government debt.

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Lower West German Profits Seen

By Donald Nordberg

Reuters

FRANKFURT — The coming season of West German corporate reports will produce much bad news, but investment analysts and investors alike are already looking beyond that to a healthy recovery in 1983 profits.

Investment analysts predict corporate profits in 1982, to be announced over the next two months, will show a decline of about 10 percent, but with performance varying widely, even within the same sector.

The performance of the share prices has by and large discounted those results already and, barring a change in government, the stock market will move higher, they said. Last Friday, the Commerzbank Index of 60 leading shares reached 779.1, the highest level since May 1979.

The increase reflects investors' convictions that profits and dividends are heading up again with the help of lower interest rates and a gradual recovery in the economy.

In general, first forecasts of 1983 profits show an increase of anywhere from 5 percent to 20 percent on average, analysts said. Most of the dividends cut this year will be restored next year, they added, and capital increases can be expected in many industrial sectors.

Hans-Dieter Baumann, head of the research department of the private bank Georg Hauck und Söhne, said the auto sector is an example of the widely varied performance of different companies.

He said: "Both Daimler-Benz and BMW have had excellent years, while for Volkswagen, it has not been so good. If VW pays a dividend at all it will be for its image."

Analysts at Westdeutsche Landesbank Giessental have predicted that BMW could see earnings equal to 20 Deutsche marks (\$8.28) a share in 1982, up from 17.50 DM in 1981, while Daimler would have earnings at about 55 DM a share. Others see those estimates as conservative and look for further rises in 1983.

At Bank für Gemeinwirtschaft, analysts revised their forecasts for Volkswagen profits and dividend to nil shortly after the company reported a group loss of 146 million DM for the first nine months.

Analysts at other banks still predict VW will pay an unchanged dividend of 4 DM a share, in the hope that 1983 will see a turnaround. Most analysts saw VW reporting a group profit in 1983, though problems continue, especially in its U.S. and Latin American operations, said at the office of equipment maker, Triumph-Adler.

In mechanical engineering, Gutehoffnungshütte Aktienverein, whose financial year ends in June, recently said profits fell sharply in the last fiscal year, and said the dividend for the current year will have to be cut. It is paying an unchanged 7 DM a share on 1981-1982 results.

Deutsche Babcock will probably show a loss for 1982, but WestLB's analysis see a recovery in 1983, bringing earnings up to the equivalent of 10 DM a share to allow a 3 DM dividend.

While West Germany's second largest electrical goods firm, AEG-Telefunken, went into receivership last year, the largest in the field, Siemens, was headed to a sharp increase in profit. In the year ended Sept. 30, Siemens had a group profit of 738 million DM after 509 million the previous year. Its own calculation of earnings per share was 31.50 DM, after 20.30.

WestLB had expected a 4 DM increase and Berliner Handels-und Frankfurter Bank 5 DM. Most analysts believe Siemens will improve its results steadily in the current fiscal year.

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Oslo Is Issuing DM Eurobond

Reuters

FRANKFURT — The city of Oslo is issuing a 100 million Deutsche mark Eurobond with a coupon of 7% percent, market sources said Monday.

The bond, priced at 99% and lead managed by Deutsche Bank, has a maximum maturity of 10 years, but will be retired in stages after five years.

Over the average maturity of eight years, the bond will yield 7.84 percent. It is the final issue on the current DM calendar. The Central Capital Market Subcommittee meets Thursday to set a new program.

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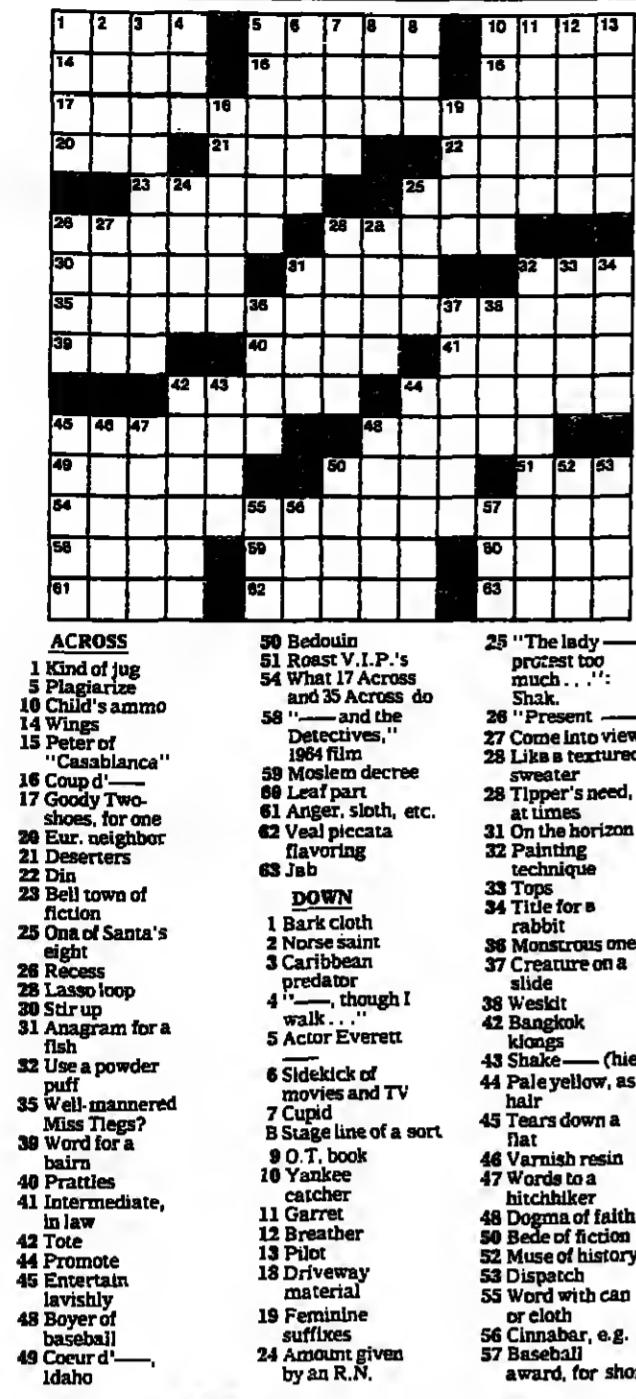
Muller and Company, Inc.

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WEATHER

	HIGH	LOW	HIGH	LOW
ALGARVE	C	F	C	F
ALDERS	10	51	3	37
AMSTERDAM	13	52	3	27
AMCARA	6	32	2	25
ATHENS	15	58	5	41
AUCKLAND	24	73	15	59
BANGKOK	22	91	24	59
BEIJING	4	37	0	32
BELFAST	15	52	2	28
BELGRADE	8	46	4	33
BERLIN	3	37	2	19
BOSTON	3	37	6	21
BRUSSELS	6	32	5	23
BUDAPEST	10	51	1	23
BUENOS AIRES	25	77	13	55
CAIRO	23	71	5	49
CAPE TOWN	28	81	15	58
CALIFORNIA	12	52	6	42
CHICAGO	7	35	4	28
COPENHAGEN	2	34	4	21
COSTA DEL SOL	10	51	5	41
DAMASCUS	17	63	4	39
DUBLIN	4	37	2	36
EDINBURGH	5	48	0	33
FLORENCE	6	32	2	28
FRANKFURT	0	32	2	28
GENEVA	28	81	2	28
NARAKA	23	72	15	54
HELSINKI	4	24	1	23
HONG KONG	19	46	7	45
HOUSTON	11	53	4	39
JERUSALEM	11	52	4	39
LA CALMAS	20	81	2	28
LIMA	6	42	3	27
LISBON	4	37	0	32

Readings from the previous 24 hours.

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INTERNATIONAL FUNDS

February 14, 1983
The net asset value quotations shown below are supplied by the Funds listed with the exception of the ones on leave prior to the date of publication. The following acronym symbols indicate frequency of updating: (M) — monthly; (W) — weekly; (m) — monthly; (1) — regular; (1/2) — bi-monthly.

AL-AL MANAGEMENT CO., SA 519,631
— 1(m) AL-Net Trust 519,631
BANK JULIUS BAER & Co Ltd SF 761,197
— 1(d) Boardroom SF 761,197
— 1(d) Gruber SF 821,001
— 1(d) Steckler 1,077,591

BANK VON RUST & Co AG PB 2229 New York SF 2,214,200
— 1(d) CEF Fund SF 2,214,200
— 1(d) Fund N.V. 5,147

BRITANNIA POB 271, St. Heller, Jersey SF 1,119,531

— 1(m) British Income SF 1,119,531
— 1(m) British Values SF 1,119,531
— 1(m) British Growth SF 1,119,531
— 1(m) British Assets SF 1,119,531
— 1(m) British Currency SF 1,119,531

CAPITAL INTERNATIONAL SF 1,119,531
— 1(m) Capital Income SF 1,119,531
— 1(m) Capital Rates SF 1,119,531

CREDIT SUISSE PRICE SF 1,119,531

— 1(d) Corporate Bonds SF 1,119,531

— 1(d) Fonds-Sociale SF 1,119,531

— 1(d) Fonds-Sociale SF 1,119,531

— 1(d) Energie-Volat SF 1,119,531

— 1(d) Euro-Value SF 1,119,531

— 1(d) Pacific-Volat SF 1,119,531

DIT INVESTMENT FUND SF 1,119,531

— 1(d) Int'l Reinforcement SF 1,119,531

FIDELITY POB 495, Hanover, Bermuda SF 1,119,531

— 1(m) American Values Com. SF 1,119,531

— 1(d) Fidelity Amer. Assets SF 1,119,531

— 1(d) Fidelity Dir. Sys. Tr SF 1,119,531

— 1(d) Fidelity Int'l Fund SF 1,119,531

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— 1(d) Fidelity Pacific Fund SF 1,119,531

— 1(d) Fidelity World Fund SF 1,119,531

G.T. MANAGEMENT IUK LTD SF 1,119,531

— 1(d) G.T. Fund SF 1,119,531

INTERNATIONAL INCOME FUND SF 1,119,531

— 1(d) Int'l Fund SF 1,119,531

— 1(d) Int'l Reinforcement SF 1,119,531

— 1(d) Safe Trust Fund SF 1,119,531

— 1(d) Somers Portfolio SF 1,119,531

— 1(d) State St. American SF 1,119,531

— 1(d) Tokio Pct. Hold. N.V. SF 1,119,531

— 1(d) Trinity Fund SF 1,119,531

— 1(d) Worldwide Securities SF 1,119,531

— 1(d) Deutsche Mark SF 1,119,531

— 1(d) New N.L.A. — Not Available: SF 1,119,531

— 1(d) D-Mark Bond Selection DM 181,32

— 1(d) D-Mark Bond Selection SF 1,119,531

— 1(d) Fiduciary Selection F 11,12

— 1(d) Japan Portfolio SF 1,119,531

— 1(d) Japan Portfolio SF 1,119,531

— 1(d) Swiss Bond Selection SF 1,119,531

